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**From:**

**Sent:** Wednesday, August 11, 2010 11:43:02 AM

**To:**

**Cc:**

**Subject:** RE: Question regarding section 1402

If a minister has an exemption effective under section 1402(e) compensation paid for ministerial services is exempt from self-employment tax. The fact that a portion of this compensation was designated as a parsonage allowance excludable for income tax purposes under section 107, and whether the entire amount designated as such was ultimately excludable from income, would not affect the exemption under section 1402(e).

Let me know if you have further questions.